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EX PARTE OR LATE FILED

**NYNEX**

November 14, 1994

**Ex Parte**

Mr. William F. Caton  
Acting Secretary  
Federal Communications Commission  
Room 222  
1919 M Street, NW  
Washington, DC 20554

**RECEIVED**

**NOV 14 1994**

**FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY**

RE: DA-1537  
CC Docket No. 94-1  
CC Docket No. 89-286  
RM No. 8303  
Petition for Waiver regarding EUCL Application  
PFR regarding NYNEX Transmittal No. 116

DOCKET FILE COPY ORIGINAL

Dear Mr. Caton:

Today, Ms. D. May and I, representing NYNEX, met with Ms. L. Belvin, Senior Legal Advisor to Commissioner Quello. The purpose of the meeting was to discuss competition in the NYNEX region. During the discussion the NYNEX representatives also discussed NYNEX's position on the items captioned above. The attached handouts were used as the basis for discussion.

Questions on any of the items noted should be directed to me at the number or address shown above.

Sincerely,

*Susanne Guyer*

cc: L. Belvin

Attachments

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NYNEX Recycles

**Issue:**

Universal Service Preservation Plan (USPP)

**Docket No:**

DA 93-1537 - The NYNEX Universal Service Preservation Plan and Petition for Waivers of Parts 61 and 69 Rules

**Suggested Action:**

Approve waivers and allow NYNEX to begin tariff process, citing competitive conditions in the NYNEX region and NYNEX's efforts in working with regulators and competitors to establish a fertile environment for competition.

**Fit within FCC**

**Goals and Constraints:**

- Record is complete and item has been reviewed extensively by Staff, so little new work is needed.
- The USPP is limited in scope and would not prejudice or affect broader access reform efforts.
- Allowing NYNEX to respond to competition is consistent with the intent of HR 3626 and S. 1822, and with NYPSC initiatives.
- Approval of the USPP would advance the FCC's goals of promoting competition and allowing pro-competitive LECs to respond adequately.
- Plan would reduce rates in competitive areas, stimulating usage and job creation in economically hard-hit New York.
- Approval would also encourage other LECs to cooperate in promoting competition if there is evidence that FCC will allow LECs to compete.
- Commissioners have expressed interest in the general concepts embodied in the USPP.

**Time Frame:**

Approve waiver request by EOY94

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**Issue:**

Price Cap

**Docket No:**

CC Docket: 94-1 NPRM

**Suggested Action:**

- Eliminate sharing requirement.
- Establish Productivity Factor in 2.3 - 2.8% range.
- Additional Consumer Productivity Dividend (CPD) decreases as barriers to competition are removed in each area and competition increases.
- Increased pricing flexibility based on removal of barriers to entry in each region and the amount of competition each faces.
- Make a distinction between "mandatory" and "voluntary" price-cap LECs.
- Institute an FNPRM to explore further the complex issues associated with broad access reform.

**Fit within FCC**

**Goals and Constraints:**

- Extensively reviewed by Staff; record is complete.
- Separates the complex issues of access reform from the more manageable ones of price cap "mechanics."
- Consistent with Commission and Administration desire to promote infrastructure deployment by LECs.
- Reinforces State initiatives to promote competition by differentiating among LECs based on level of competition each faces.
- Increased competition will result in lower rates for consumers.

**Time Frame:**

Price Cap decision by EOY94. FNPRM by EO1Q95.

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**Issue:**

Existing Joint Board NOI Regarding Universal Service Fund.

**Docket No:**

The NOI released August 30, 1994 in CC Dkt. No. 80-286 seeks to examine a part of the issue dealing specifically with the Universal Service Fund (USF).

**Suggested Action:**

- The Commission should broaden the scope of the present NOI to encompass all explicit funding for Universal Service, e.g., USF, Lifeline, Link up America, Long Term Support (LTS), Dial Equipment Minutes (DEMs), End User Common Line (EUCLs), Carrier Common Line (CCL).
- Develop a funding mechanism that can also accommodate any other universal service support identified in future proceedings.

**Fit within FCC****Goals and Constraints:**

- Maintaining Universal Service, while promoting competition in high-cost/rural areas, is central to the Commission's and Congress's goal of bringing the benefits of competition and the information age to all parts of the country.
- A new Universal Service funding mechanism will facilitate the FCC's response to expected Congressional mandate.
- The FCC can establish a federal solution that can provide a framework for solving state Universal Service issues.

**Time Frame:**

The present NOI in CC Docket No. 80-286 should be expanded by EOY94.

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**Issue:**

Safeguards for LEC entry into InterLATA telecommunications services.

**Docket No:**

RM No. 8303. Petition for Rulemaking filed by 5 RBOCs. Comment cycle completed September 14, 1993.

**Suggested Action:**

Establish an NPRM to determine the safeguards that would apply once the Court or Congress acts to lift the interLATA prohibition on RBOCs.

**Fit within FCC****Goals and Constraints:**

- An NPRM would provide a coordinated review of the full range of issues to be considered when the LECs are allowed to compete in interLATA markets. It also provides an opportunity to review the relevance and adequacy of existing safeguards.
- Issues to be addressed in this proceeding will not prejudice legislation since it is already well established that the issues of discrimination and cross subsidy must be addressed in such a proceeding. This NPRM therefore will be a first step in the important process that will allow the Commission an adequate amount of time to build a robust record, which then could be supplemented as any additional issues emerge in the pursuit of legislation.
- FCC should take a leadership role as state regulators also begin to address these issues.

**Time Frame:**

Establish NPRM 1st Q 1995.

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**Issue:**

Application of Carrier Common Line (CCL) and End User Common Line (EUCL) charges in an interconnection environment, and in regard to broadband services.

**Docket No:**

No docket exists for this issue, although both NYNEX and Rochester have waivers before the Commission dealing with it. In addition, NYNEX has a pending Petition for Reconsideration (PFR) that deals with applying EUCLs to multiple channels derived over a single loop.

**Suggested Action:**

- Propose a rule change that will adapt the Part 69 rules to an environment in which local loops (a.k.a. links) and ports are unbundled, and a LEC provides only the link portion.
- Construe Part 69 to mean that multiple EUCLs need not be applied when broadband services are provided over a single loop.

**Fit within FCC****Goals and Constraints:**

- The proposed actions are consistent with the Commission's dual goals of promoting competition and expanding consumer choice through interconnection and encouraging the deployment of broadband services.
- Without Commission action, ISDN-based services growth will be inhibited by the requirement to apply multiple EUCLs.
- Without Commission action, state initiatives to promote competition by requiring loop unbundling will be frustrated.

**Time Frame:**

Action required by EOY94 or 1Q95.

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